

FIRST WORDS - BOB HAMILTON

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There is a lot going on in the health care legislative arena. Unfortunately the news keeps changing daily. We did, however, add a real time news reporting capability to our website to bring you the latest information as it changes. Go to www.raytheonretirees.org and [Click On Instant News Update](#). The Google search engine captures all articles as they are published in leading newspapers throughout the country and displays them on our website.

Members of your Board of Directors have engaged in several meetings at Raytheon Co. We hope to increase the number of meetings as well as publish the results in the upcoming months. We will continue to press for resolutions helpful to our members.

This edition was printed by the **Minuteman Regional High School, Graphics Communications Technology Department, Lexington, MA 02421**. We hope you like it.

Health Care Reform: Impact on Raytheon Retirees—The A, B, C and Ds

Joe DeAmrose

While everything is still up in the air at this date, an attempt at a status report on how health care reform proposals being debated in Congress might affect Raytheon retirees is in order.

There are legislative proposals going forward in the U.S. Congress. As the broadest of overviews, the legislation will expand health insurance coverage to millions now uninsured, perhaps making coverage mandatory. Requirements will be imposed on insurers to make coverage available without regard to pre-existing conditions and will restrict insurers from terminating coverage. The most contentious issue has to do with a “public option,” some sort of a plan sponsored by the government as a counterpoint to private insurance plans.

The proposals will be very costly, close to a trillion dollars and are to be paid for with an assortment of targeted tax increases and fees and cost savings wrung out of the Medicare and Medicaid systems. The fo-

cus here will be on those provisions which would likely have a direct effect on retirees.

To set the stage, the medical care most Raytheon retirees receive is paid for by the Medicare program. There are two main parts to Medicare coverage which are commonly referred to as “A” and “B.” There is no premium charged for A which covers most of the cost of hospitalizations but there are deductibles and co-pays. “A” coverage has been theoretically paid for over a retiree’s working life in the form of the 1.45% withheld from every paycheck, an amount matched by Raytheon and sent to a Medicare trust fund. “B” covers outpatient costs such as doctors’ fees, laboratory tests and medical equipment. “B” also has deductibles and co-pays. The premium paid by retirees for “B” coverage for 2009 is \$96.40 a month. The 2010 premium amount is not final but will probably be the same. The Medicare program also sets rates for payment to the providers of hospital care, doctors, laboratories and medical equipment.

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Because “A” and “B” do not pay for all medical costs, it is common for retirees to have a so-called “medigap policy” to expand coverage. These policies are issued by insurance companies such as Blue Cross. The coverage provided by such policies, and deductibles and co-pay features, can be all over the place and the premiums charged vary as widely. A Raytheon-designed medigap policy (the “Plus” plan) is available to qualifying retirees and Raytheon typically arranges for two or three additional health care policies to be made available. A premium is required to join any of the plans.

It is reasonably clear that the Plus plan is partially paid for by Raytheon while it is not certain that it contributes anything to the cost of the other plans, other than making them available. The contribution made by Raytheon to the Plus plan is 50% of average plan costs for those retired before 1995, and a fixed amount of \$512 for those retiring after 1994. The Plus plan premium charged to the retiree is the remainder of

the average cost and for 2009 the premium was, on average, about \$55 a month. It appears that the premium charged varies somewhat from retiree to retiree. An explanation was requested of Raytheon but the response did not shed much light on the reasons for the variation.

The Plus plan might be reasonably described as providing catastrophic coverage at a relatively low premium cost; all expenses incurred after total out-of-pocket expenses exceed \$1,750 are covered by the plan, but the deductibles and co-pays are probably higher than those required under the other policies available through Raytheon which provide broader coverage and have higher premiums. A retiree could forgo all of the Raytheon offerings and obtain medigap coverage from an insurer providing such policies in their locality. Oddly, the “other” plans made available through Raytheon have premiums that seem relatively higher than the premium charged by the insurer on the open market for what seems to be a similar plan. Again,

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this oddity was raised with Raytheon but not explained satisfactorily.

To fill in the entire picture, there are two other alphabet programs to consider. One involves prescription drug coverage under the “D” part of the Medicare program. Like “B” coverage, prescription drug coverage is optional and there is a premium charged but the program is paid for in part or subsidized by Medicare. “D” is where the famous donut-hole exists, a gap in coverage after \$2,830 of insurer reimbursements and before \$4,550 of co-pays for 2010. Coverage is provided by private insurers through a government subsidized program; the premium charged varies generally in line with the deductible and co-pay features of the policies and whether, and to what extent, coverage is provided in the donut hole. The Plus plan does not provide general prescription drug coverage so a retiree joining the Plus plan would usually also join a separate “D” plan. However, the Plus plan provides substantial coverage of the donut-hole gap which should be taken into account in

choosing a “D” plan.

The last alphabet piece is Medicare “C,” which is really a variation in the mechanics of delivering “A” and “B” coverage. The “C” variation has been around for many years, is generally offered through HMOs and is commonly referred to as “Medicare Advantage” in its current version. The distinctive feature of Advantage plans involves the method of paying medical expenses, a background feature not readily apparent and probably of little interest to the insured. Medicare’s standard payment method for covered “A” and “B” expenses is to reimburse the provider of the service according to voluminous lists of services each with a prescribed fee, called an allowable charge. This method is described as “fee for services.” For example, in the case of a physician office visit, Medicare “B” would reimburse the physician 80% of the allowable charge in that locality. If the patient has a medigap policy in effect, the medigap policy may pay all or part of the remainder. In the case of an Advantage policy, Medicare pays the insurer an annual premium for all “A” and “B” expenses to be provided to each covered person and the insurer

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may—and usually does—package in additional medigap coverage, including prescription drug coverage, and charges a premium to the patient. So, when the Advantage patient goes to see the doctor, the insurer, not Medicare, is responsible for payment to the doctor and for any other expenses incurred by the insured during the year. The two plans made available by Raytheon to retirees in eastern Massachusetts in 2009 appear to be Advantage plans. Aside from the method of payment, premiums charged can be much lower than the total premium paid for “B” coverage and a medigap policy. In some places in the country there are Advantage plans which actually rebate a part of the “B” premium.

From a cost viewpoint, a typical Raytheon retiree is likely to have monthly premium costs of between \$190 and \$220, using 2009 figures, which would include premiums for Medicare “A” (\$0), Medicare “B” (\$97), Plus plan medigap coverage (\$50–\$60), and “D” coverage (\$30–\$60). Most Raytheon retirees opt to join the Plus plan so this premium structure

should roughly reflect the average retiree premium outlay although there are probably many outliers; retirees can and do choose medigap plans other than the Plus plan, including Advantage plans. For high income retirees, the monthly “B” premium can be higher than \$97 a month.

There is another group of Raytheon retirees with entirely different medical coverage. Retirees under age 65 are not eligible for Medicare coverage, and the Plus plan and the other plans made available do require Medicare coverage. Raytheon does offer subsidized insurance coverage for retirees between 60 and 65; it varies based on the pension plan covering the retiree. For over age 60 retirees covered by the legacy Raytheon salaried and hourly pension plans, subsidized medical is provided in a fixed amount of \$2,964 for post-1994 retirees and on the basis of approximately 45%–55% in the case of pre-1995 retirees, the retiree is responsible for the balance of the insurance premium, which can be substantial. Retirees covered by other

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pension plans are eligible for some insurance coverage but the subsidized amount may be more limited than that offered under the legacy plans.

With perhaps too much background, what are some of the possible changes that would affect Raytheon retirees? While there may be many more hidden in the massive legislation and many more that will arise in the ongoing legislative process, a few notable items follow:

A likely change will be to the Advantage programs. The method of setting the premium amount to be paid to insurers is thought to be too generous. While the current method and the proposed changes to the method seem to be too complicated to be understood by mere mortals, the drift of the change is to tie the premium amount paid to Advantage insurers more closely to the fee for service reimbursements in the same locality. How insurers will respond to this change is uncertain. The change is reputed to save Medicare hundreds of millions of dollars so it is likely that the scope of benefits provided by Advan-

tage plans available to retirees will be scaled back considerably—and perhaps Advantage type plans will even fade away entirely. Advantage plans are already being affected by a reduction in the rate of increase in the amount of premiums paid by Medicare.

For 2010, the premium increase is significantly less than in prior years, which probably accounts for the fact that Advantage plan premiums charged to those insured for 2010 have increased significantly over 2009 (e.g., from \$119 monthly to \$179 in the case of the Blue Cross Value Plan offered in eastern Massachusetts). As noted above, most Raytheon retirees choose coverage under the Plus plan, which is not an Advantage plan. But there are some who choose coverage under Advantage plans made available by Raytheon or other plans on the outside market.

One proposal contains a provision which would prevent an employer from terminating or reducing medical benefits provided to retirees unless the termination or reduction is also made with respect to medical benefits provided to active employees. Most

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retiree medical plans contain provisions allowing the employer to amend or terminate the plan. So, eliminating employer discretion is a radical change and is likely to be very controversial. If enacted, Raytheon would be significantly restricted in making reductions in retiree medical benefits provided. There are many questions as to how the change would be applied, such as how to identify and measure a benefit reduction where the design of medical plans for retirees and those for active employees are so very different.

Another proposal should be of significant benefit to under age 65 retirees not eligible for Medicare. If an individual's medical bills exceed \$15,000 annually, assistance in the form of government subsidy would be available. (\$10B would be set aside in a government fund to meet these needs.) Overall, this provision could substantially reduce the net cost of insurance for this retiree group, but there may be large variations in the amount of subsidy because local costs can vary so much.

Another proposal would phase in coverage for the donut-hole gap in the "D" prescription drug coverage over a number of years. Effectively Medicare would increase the subsidy provided for prescription drug coverage; it appears that pharmaceutical companies have agreed to lower the costs of many drugs. It is unclear how the additional coverage will affect premiums. If donut-hole coverage is mandatory, across the board premium increases might result.

Medicare is just one component, a very large component, of the U.S. health care system. It is a very costly component. Total Medicare benefit payments for 2008 were \$395.1B (federal and state Medicaid benefit payments were over \$400B). The health care proposals on the table aim to change many features of the system, and the changes will add more to the government cost component (e.g., providing subsidized coverage to a large number of people currently uninsured). Savings in the Medicare program, in addition to those from Advantage

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Engineering Excellence through Experience

Stay engaged! Mentor the up-and-coming!

Paradox Scientific, Inc. was founded in 1997 by Raytheon retirees. We work with retirees and businesses in the national defense industry to match business short- and long-term needs with retirees' experience. Some positions are one-to-three days per week; some are a couple of days a month – it allows you, the retiree, to continue working on your "honey-do" lists. You will be paid well for the hours you work.

If you're interested, please give us a call at

(978) 561-1424 (office) or (339) 206-0650 (cell).

Ask for Bill Thibodeau or Jane MacArthur.

2010 Open Enrollment*Joe DeAmbrose***The open enrollment period for medical plans closed on November 20.**

Quite a few members have reacted with dismay to the significant increase in premiums for some of the plans offered. And of course, a continuing deficiency in the annual enrollment process is the failure to provide a notice containing all of the plan options available to retiree groups.

The notification from Raytheon Co. only provides information on the plan in which you were enrolled in the prior year. For example, a few members enrolled only in a dental plan in 2009. As a result, they only received information regarding the dental plan for 2010 even though they continue to be eligible to join one of the medical plans offered.

You have to contact the Raytheon Benefit Center and request information on the other plans available to you if you want to see your choices.

As to the premiums, the Plus plan premium stays the same as last year which is somewhere between \$51 and \$59 a month. The premium apparently varies slightly from one locality to another or from one retiree to the next—not altogether clear why. In any case, the Plus plan premium is clearly much less than the premiums for the other plans made available. Except for the Plus plan, the premiums have skyrocketed compared to 2009. We understand that premiums for other medigap plans have also increased substantially over last year, but increases for Advantage plans seem to be the most pronounced.

One Massachusetts member was enrolled in a Blue Cross HMO Advantage plan (not the Raytheon one) and the premium went from \$119 to \$179 along with increased deductibles and co-pays.

By the way, the Raytheon sponsored medigap plans may have higher premiums than other medigap plans of the same insurer and the

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plans may be very similar. So, compare the Raytheon sponsored plan with other medigap plans issued by the same insurer on the open market.

The cover letter on the annual enrollment material did note the premium increase in the Advantage plans offered and attributed the increase to a number of factors, including a decrease in Medicare reimbursements to the insurers.

Whatever the reason, premium costs are way up and the math strongly suggests taking another look at the Plus plan for those having opted to enroll in one of the other Raytheon sponsored plans or an open market plan.

With the Plus plan at \$50–\$60 and a no donut hole coverage prescription drug plan with a premium somewhere around \$35–\$45, the annual premium cost would be less than \$1,200. Keep in mind that the Plus plan provides some prescription drug coverage in the donut hole so a supplemental “D” plan need not have as many bells and whistles. The Plus plan has an out-of-pocket maximum (exclusive of prescription drug costs) of \$1,750

(\$145 monthly).

The rough math suggests a worse case cost for the Plus plan together with a prescription drug plan of about \$245 a month.

There is no one size fits all in comparing costs and benefits in these health plans but given the premium increase in so many of the other plans available, the Plus plan may merit a visit next year.

Your Association has requested Raytheon Co. provide information about all choices to all retirees even if they are not presently enrolled in a Raytheon sponsored plan. We will continue to urge Raytheon to provide that information to retirees in a timely manner.

Is Canadian Healthcare Next?

Al Swenson

An article in the *Cape Cod Times* recently attempted to compare the U.S. and Canadian Health Care Systems. Relevant portions are summarized below.

Canada's system is called Medicare, and is much like the U.S. program for the over sixty-five years-old population, except that this one encompasses virtually the

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entire Canadian population of 33 million.

The Canadian plan covers all necessary medical and hospital care with fees negotiated between the Provincial Ministry of Health and the Provincial Medical Association. Generally the provincial plans do not cover Optometry, Dentistry and outpatient prescriptions drugs. Similar to the U.S., many Canadians are covered by supplemental private insurance often provided through their employers.

According to the article, recent polls indicate the majority of Canadian and Americans believe that their systems are working very well or well. Additionally 82% of Canadians believe their system outperforms the U.S. system.

The Organization for Economic Cooperation and Development reports per capita spending for Healthcare in the U.S. was \$6,714 in 2006; in Canada \$3,678 dollars. The U.S. spent 16% of its GDP on Healthcare while Canada spent 10%. Canadians do pay more in income taxes than we

do to fund their Healthcare.

Prescription drugs are less expensive than in the U.S. because the Canadian government negotiates directly with the drug companies. The article contends that Canada's single payer system provides coverage at a much lower per capita cost because the system greatly reduces administrative expenses. The article also points out the complaints about the Canadian system include long waits for elective care, a shortage of doctors and nurses and rising costs of an aging population.

Although the illegal immigrant issue is a hot topic in the U.S., the article did not address whether illegal immigrants were covered. The article also discusses whether abortions are covered or if there are limits on liability cases for doctors.

Unlike our own legislators, the Canadian system enjoys support from the left and from the conservative Prime Minister Stephen Harper.



After retiring from Raytheon in March of 1998, in July of that year Water Hicks formed a sole proprietorship (DBA) called "*Paradox Scientific of Acton*" to do research and consulting. He later teamed with Hal Lynde and others for classified work at JHU/APL. Years later, *Paradox Scientific of Acton* is now a partnership owned by Hal Lynde and Walter Hicks.

If you are a retiree looking for personal consulting opportunities or are industry owners searching for professional help, see our website at <http://paradoxscientific.com/>

Raytheon Pension Fund

Al Swenson

On May 11, 2009, representatives of the Association of Raytheon Retirees, Inc. met with Rich Goglia, Vice President-Treasurer and Corporate Development to review the status and performance of the pension fund for 2008.

At the end of 2008, the domestic fund has a balance of 10 billion, 735 million dollars (\$10,735,000,000).

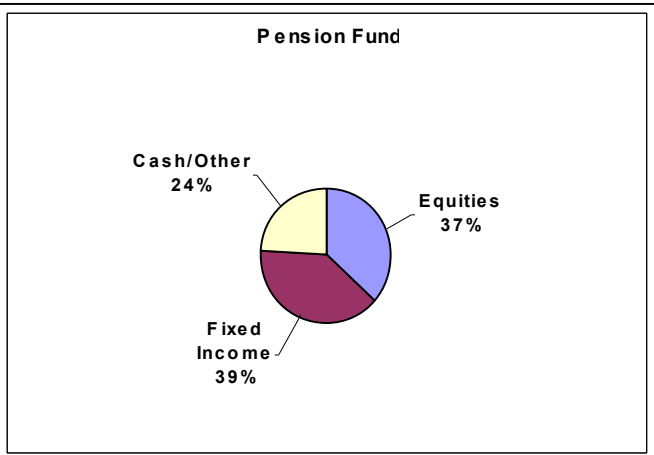
The fund is diversified into 37% in equities, 39% in fixed income and 24% in cash, real

financial markets.

The allocations of investments caused an increase in fixed income and cash and a decrease in equities. These allocations were consistent with the range of assets approved by the Raytheon Investment Committee.

The pension fund decreased over the year by \$3.5 billion due to losses in the value of investments of \$3.4 billion, in payments to pensioners of \$1.1 billion, offset by \$1.1 billion of Raytheon Company contributions to the fund.

The decrease in investment value was less than the decreases of the



major securities indices. The equities fund continues to be diversified in many market segments and is managed by a professional Raytheon Co. staff, which employs

estate and alternative investments, the later being primarily in cash—as investment opportunities were limited due to the precarious state of the

numerous firms to pursue strategies of individual investment.

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The fund is underfunded at the end of 2008 by \$4.8 billion on a PBO Basis (Projected Benefit Obligation) and \$3.2 billion on an ABO (Accumulated Benefit Obligation). It is currently projected to be fully funded in 2011 as required by law pending results of the CAS Harmonization, which is anticipated later this year.

William Swanson, Chairman and Chief Executive Officer, made the following statement in the Annual Report, March 2009.

“While the near term outlook for the financial markets and the economy continues to be uncertain, we remain committed to meet our pension obligations going forward.”

Attending the meeting for the Retirees Association were Allen Swenson, Dave MacClellan, Mel Weinzimer, and Joe DeAmbrose.

Bits and Pieces: *A collection of miscellaneous items of general interest to Raytheon retirees.*

Social Security

Social Security benefits are not going to increase in 2010. The increase for 2009 was 5.8%. The annual cost-of-living adjustment is based on the year-over-year increase in a consumer price index maintained by the Department of Labor. The comparison is between consumer prices for the third quarter of 2009 and the third quarter of 2008. Officials anticipate that there actually will be a decline in consumer prices between these periods. Note that, in general, social security benefits cannot be reduced even if there is such a decline.

Is the Dental Plan Right for You?*Bob Hamilton*

Part of my retirement package included the opportunity to join Raytheon's dental insurance plan at the time of retirement or in the future. Once one elected to join, however, one cannot terminate and then expect to rejoin.

Well, the time came for me to consider joining the dental plan. It took several calls to the Raytheon Benefit Center for them to agree that I was entitled to join. They also agreed I did not have to wait until the open enrollment period for renewals since I would be enrolling for the first time.

The Benefit Center offered me two plans; one by Delta Care and one by MetLife. I was told to call the companies directly for information on benefits. The Benefits Center does not have a listing of comparable benefits.

When I called Delta Care I was informed that I could join immediately. I reached a dead end, however in obtaining any specific information on the

benefits. I had a list of procedures from my dentist that I was using to help make my decision.

The difficulty apparently was because I had decided to continue with my own dentist and not utilize one of Delta Care's preferred dentists. The best I could get was that they would cover "usual and customary expenses" for non-elective procedures. Although I attempted to get estimates of what were some acceptable "usual and customary charges," no specifics were forthcoming.

I then continued my quest with MetLife. Again no specific information was available, but in addition they could not determine which plan I was eligible for with Raytheon. They sent me back to the Benefit Center. MetLife did not recognize plan numbers provided by the Benefit Center. This back and forth telephone process was repeated several times without resolution. Finally on my fourth

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call to the Benefit Center, the consultant agreed to a conference call with MetLife with me on the phone to resolve the problem. In retrospect the confusion was caused because the Benefit Center continued to give me the plan number for active employees as opposed to retirees.

Eventually, I joined the Met Life Dental Plan and intend to report my ongoing experiences in future issues of this Newsletter.

More Bits and Pieces: Municipal Pensions

Local governments have incurred pension obligations to employees much like the obligations Raytheon has to its employees. In an earlier ARR Newsletter reference to Raytheon's pension obligations, it was noted that the stock market implosion has taken a big chunk out of the assets that had been set aside to fund these obligations. The funds of localities and other government organizations have been similarly depleted. Like other

employers, Raytheon had taken steps to reduce its pension obligations. In Raytheon's case, new employees are not eligible for a pension.

A pension is becoming a rare benefit for employees in the private sector. Not so in the public sector. Why should you care? The pension obligation to public employees was becoming an increasing burden in municipal budgets before the market blew up. The situation will just be worse after the market declines. In addition, municipalities are only just beginning to deal with the funding requirements of the retiree medical benefits promised to employees. Proposals for higher taxes are likely.

Credit Cards and Identity Theft

Gerry Carnevalli found this article on the Internet from an attorney and passed it along.

Do not sign the back of your credit cards. Instead, write "PHOTO ID REQUIRED" or "CID."

When you are writing checks to pay on your credit card accounts, DO NOT put the complete account number on the "For" line. Instead, just put the last four numbers. The credit card company knows the rest of the number, and anyone who might be handling your check as it passes through all the check processing channels won't have access to it.

Put your Work Phone # on your checks instead of your Home Phone. If you have a P. O. Box, use that instead of your Home Address. If you do not have a P. O. Box, use your Work Address.

Never have your SS # printed on your checks. You can add it if it is necessary. I don't think this would ever be necessary.

Duplicate the contents of your wallet on a photocopy machine. Do both sides of each license, credit card, etc. You will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. Keep the photocopy in a safe place. I also carry a photocopy of my passport when I travel either here or abroad.

We've all heard horror stories about fraud that is committed on us in stealing a Name, Address, Social Security Number, or Credit Cards. But, here is some critical information to limit the damage in case this happens to you or someone you know:

We have been told we should cancel our credit cards immediately. But the key is having the toll free numbers and your card numbers handy so you know how to call. Keep those where you can find them.

File a police report immediately in the jurisdiction where your credit cards, etc., were stolen. This proves to Credit Providers that you were diligent, and this is the first step

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toward an investigation (if there ever is one).

But here's what is perhaps most important of all:

Call the 3 national credit reporting organizations immediately to place a fraud alert on your name. Also, call the Social Security Fraud line number. The alert means any company that checks your credit knows your information was stolen, and they have to contact you by phone to authorize new credit.

Now, here are the numbers you always need to contact about your wallet or purse, etc., having been stolen: (make all four calls)

Equifax: 800-525-6285

Experian (formerly TRW): 888-397-3742

Trans Union: 800-680-7289

Social Security Administration (fraud line): 800-269-0271

More Bits and Pieces: Medicare Advantage Plans

Many retirees have signed up for the so-called Medicare Advantage plans which generally bundle the Part "A," "B," and "D" components of Medicare benefits.

A main distinction between Advantage plans and other Medicare plans is that a private insurer does all of the paperwork rather than having providers separately bill Medicare for services provided.

Advantage plans tend to have generous packages including vision and dental care.

Democratic politicians have had a hostile attitude toward Advantage plans. The *Wall Street Journal* reported that Medicare will be cutting payments to Advantage plans next year and the premiums are likely to increase and/or benefits will be reduced.

Four Loopholes in the New Credit Card Laws

This article was recently published on the Internet by cheapskate@everydaycheapskate.com.

On August 20, 2009, the rules of the credit card game changed when the first phase of the new Credit CARD Act of 2009 became effective.

Under the first phase, you, as a credit card account holder:

Get a fair warning. You must receive at least 45 days advance warning of changes to your credit card terms, rather than only 15 days notice. The notice must explain the steps that you, the cardholder, can take to exercise your rights to cancel if you don't like the changes, including a toll-free number to call and the deadline for opting out.

Can opt out. You have the right to pay off your balances under the old, lower interest rate if you opt out and cancel the account.

Get time to pay. You must be allowed at least 21 days to pay your monthly credit card statements without threat of late fees or penalties.

Are you impressed? You might want to reserve judgment until you learn about the exceptions to these phase one provisions.

Loophole #1: You cannot opt out of minimum payment increases or credit limit decreases.

Loophole #2: If you are 60 or more days late making payments, you lose your right to opt out of interest-rate increases.

Loophole #3: If yours is a variable rate credit card account, your interest rate is tied to an index, which is almost always the "prime rate."

Those interest rate increases can be passed on to you with no opt out option required. In recent months, card issuers have rebelled against this law by switching consumers from

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fixed rate to variable rate cards.

Loophole #4: Finally, there is a significant loophole that is best explained this way: Assume that you have a credit card account at 6.99 fixed APR. You get a notice that your rate will increase to 18.99 APR, and that you have 45 days to either accept the change or decline and close your account. You decide that you will opt out before the 45 days are up. However, you decide to spend all you can under the older, lower rate before the new APR kicks in.

That move could come back to bite you because of this loophole buried in the new Credit CARD Act of 2009.

The law says the new, higher APR will apply to any purchases made 14 days after the notice is mailed. If you receive a 45-day notice, you cannot run out and start charging things in days 15 to 45, hoping to add those transactions to the lower protected balance. Under the law, banks are not required to disclose this 14-day loophole.

Another problem with the terms of this new law is the effect opting out will have on the cardholder's credit score because of the negative effect of a "closed account" on a credit report.

The only thing that is clear about the new law is that it is very confusing.

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**75th Consecutive Luncheon
The Aegean Restaurant, Framingham, MA
August 26, 2009**



Back Row: Left to Right

Helmut Lelke, Al Kutenplon, Joe Wyman, Dick Edry, Mel
Weinzimer, Ed Fleisher, Dan Varon, Joe Kirk

Front Row: Left to Right

Tom Allen, Frank Cheriff, Barry Hass, Mort Cohen,
Jerry Levine, Bill Hamilton

CVS Savings Calculator

Hi Barry,
I just tried the CVS drug plan calculator. Seems easy to use. Since I buy medication there I received a code to automatically enter my prescriptions. (That part had a problem, so I corrected manually). Can you take a look and let me know if you

think it is accurate. It estimates I can save about a considerable amount next year.) If so I will add it to the website at ARR. Also if you want to summarize what you have found out, I will add that as well. Go to www.cvs.com/medicare, then click on Savings Calculator.

Thanks, Bob Hamilton

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Barry's response follows!

Bob,
I spent an hour or two playing with the CVS Part "D" Savings Calculator and subsequently called the customer support phone number. As expected, customer support provided little information of consequence. The CS [customer support] will provide the names and phone numbers of the three "lowest cost" plans. Customer support personnel are not enrolled agents and are, therefore, limited in the information they can disclose. The following are my observations:

The CVS software is easier to use than the Medicare Part "D" Plan Finder; however, the results are less comprehensive. If you have the patience to do so, you should run your drug list through the Medicare software and compare the results with the CVS software.

Above all, you should contact your top plan contenders on the phone, or run the numbers on their respective web sites to ensure there will be no surprises after you enroll.

According to the CVS agents, the "savings" noted in the summary cost column are calculated by each insurance provider for his own plan(s). The agent didn't have a clue as to what the cost basis was. I would guess that the cost basis is each insurer's estimate of the "list" price, without insurance. There is no real consistency between the "savings" noted; so, focus on price, not savings.

The CVS calculator assumes that you will purchase one month's supply of each Rx every 30 days. It does not compute the savings gained by purchasing a 90-day supply at a local network pharmacy, preferred network pharmacy, or via preferred mail order supplier.

Savings for the purchase of a 90-day supply varies by plan, but some plans offer a 90-day supply at three co-pays less \$15. That amounts to \$60 per Rx if ordered 4x annually. Some plans previously offered a 90-day supply for 2 co-pays, but that may now be history.

You cannot assume that the lowest cost plan, based on monthly purchases at your local

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pharmacy, will correlate with the lowest cost via mail order. This is very important and is the reason that the Medicare Part “D” Plan Finder provides one column for local monthly purchases and another column for mail order purchases every three months. That is also why the Medicare Part “D” Plan Finder allows you to sort the plans by either column.

The CVS software requires that you specify the number of pills, tablets, or whatever, every month. Unfortunately, you are stuck if you try to specify one item (patch, estrogen ring, etc.) every 90 days. The software also assumes that you will make monthly purchases of each drug throughout the year. So, I don’t know how you would handle a 7-day regimen of an antibiotic on an occasional bases; e.g., twice per year.

Many plans specify quantity limits. The CVS software will indicate whether a plan limits quantities, but appears to price the drug as though your specified quantity will be provided. For example; I entered Sumatriptan Tabs @ 18 per month.

Two of my three lowest cost plans indicated quantity limits of 9 per month, but the calculations appear to assume a quantity of 18.

For items that are not included in the formulary, the CVS software will specify the exclusion, but will indicate prices for those items. I don’t know whether the prices are accurate, or whether they will be provided under the plan. Customer service suggested that I contact each insurance plan directly.

The CVS software will specify the months during which you enter the gap and the catastrophic period. This is handy and may help you compute when the Raytheon Medicare Plus plan kicks in, for those who have this plan, assuming you have properly coordinated benefits. My data shows that I will enter the gap in March and will then enter the catastrophic phase in July.

For those with the Raytheon Medicare Plus plan, calculation of your actual benefit in the gap will be difficult during

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the Part “D” plan selection process. Bear in mind, however, that your monthly premiums, which vary significantly across plans, do not enter into the calculation of when you enter or leave the gap. The take-away is that if two plans have the same bottom line cost, the one with the lower monthly premium will likely be subject to the greater in-the-gap savings for those who carry the Raytheon Medicare Plus plan.

Bear in mind that cost, based on this year’s drug list, isn’t the only parameter you should be concerned with. Often, the plan with the lowest premium and the skimpiest formulary will bubble up as the lowest cost plan. Unfortunately, we can’t accurately anticipate our health for the coming year. So, what if you are prescribed a drug that isn’t in your selected plan’s 2010 formulary? You might try using your AAA card for an off-plan discount. Alternatively, you can ask your physician to prescribe a drug that appears in your plan’s formulary. (You might consider bringing a copy of your plan formulary to your doctor’s office.) Worst case, you may end up paying “list

price” for that drug. So, as an added element of insurance, you might consider paying the additional cost associated with a more robust plan, possibly through the same insurer.

I called AARP regarding their Saver and Preferred plans. I had already computed the cost of each plan and found the bottom line cost of the Preferred plan to be approximately \$150 higher than the Saver plan . . . for my drug list.

I counted pages in their respective abridged formulary booklets and asked the AARP/UHC agent about relative Rx coverage for the two plans. She responded that the Preferred plan covers around “90% of drugs” while the Saver plan covers around “60% of drugs.” Her answer begat several questions, none of which could she answer. So, is the 30% delta, vague as it is, worth an additional \$150 for a plan that will cost on the order of \$5,000, less the Raytheon Medicare Plus discount.

Sorry for the rambling and any typos. Sorry, also, for any possible misinformation; but this is my best guess. Feel free to

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Health Care for Life*Barbara Beaudoin*

A debate on health care reform is in full swing across the land. But have you noticed that this debate has been ongoing for centuries? In the early 18th century, smallpox, yellow fever, and other serious diseases took the lives of many unfortunate people without access to medical treatment. The Civil War exacerbated our health care situation and thousands of men lost limbs and died of infectious battle wounds in a country unprepared to take care of them. Since then, life expectancy, medical advancements, pharmaceutical research, and the number of uninsured people have all increased, while the debate simply ebbs and flows like the tide. Is it time for the tidal wave of reform to overcome the status quo?

French philosopher Henri Bergson (1859–1941) observed: *To exist is to change, to change is to mature, to mature is to go on creating oneself endlessly.* Will we take steps to mature as a nation that takes care of

its people, or are we going to waste precious time in childish bickering and pointless conversation?

Twenty-first century medicine has eliminated the isolation of tuberculosis and leprosy patients, quarantine orders for children with scarlet fever, and the often deadly consequences of polio. It has lengthened the lifespan of many stricken with cancer, diabetes, and heart disease. Unfortunately, with these promising medical advancements came growing costs of prescription drugs and therapeutic procedures threatening to undermine our progress. Numerous families have little choice but to forgo pricey medical help; some have encountered enormous debt and bankruptcy as they attempted to defeat illness.

The solutions are not yet clear, and unless we ask the right questions, the answers may continue to evade us. Exactly what are we debating? Who is debating it? Why is it debatable? Why are we calling this a health care debate when it is really a discussion

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of how we treat the sick in our country? Studying the Declaration of Independence as school children, we learned that we are endowed with “certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness.” However, we seem to ignore the 122 people who die every day without health insurance—did they not have a right to life? Are those people who can afford the premiums of a good health insurance policy the only ones referenced in the frequently quoted Declaration? I think not.

Health care is expensive, but we need to understand the reasons for the rapidly rising cost before we can expect to control them. As retirees on a fixed income, we can understand that when one item in the budget requires more dollars, we must reduce expenditures on other items.

If you want a winter in Florida to escape the cold, you have to spend less on new clothes and dining out during the rest of the year. But if the rental rate on your Florida condo consistently gets higher every year, you may not be able to cut enough from

your expenses to go south this year. How do you deal with this dilemma? Perhaps you can rent for one month instead of two or three; or, you can stay home.

Envision the person who cannot afford health insurance. When severe illness comes, what are his choices? Reducing expenses and settling for partial treatment will not solve his problem entirely. If he seeks professional medical help and hospitalization, the resultant debt could be insurmountable and lead to bankruptcy. Even worse, if he does not get the treatment he needs, he could die.

So which of us gets to live as our founding fathers envisioned, pursuing our life, our liberty, and our happiness? All of us—or only those who can afford health insurance? The real reason for reform is to make it possible for all Americans to seek and receive the medical attention they need to enjoy a healthy and productive life. Any reforms undertaken must help health care professionals and their patients toward achieving this goal.

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We are at a fork in the road; will we go forward on the right path—will we arrive at a destination? As Roger Babson (founder, Babson College) noted, “The man who waits for just the right time to start never gets anywhere.”

Remember, too, that military strategies enter the picture as our government discusses national security. When young men and women at the peak of their fitness are sent off to war, thousands are maimed and injured, both physically and emotionally. Anyone who is fortunate enough to survive the dangers of battle may continue to need health services for the rest of his or her life. If there is a better way to resolve conflicts in the world, now is the time to seek it.

The costs, causes, and consequences of any changes are far-reaching, and may bring about unintended outcomes. For example, does a program of comprehensive and preventive health care lead to a more productive population and a more stable society? If we believe that it does, we must eventually address dental, vision, and

mental health as well as physical care. Medical concerns will continue to be a huge issue for everyone— young and old, healthy and unwell—and new diseases and viruses will forever test our research capabilities and delivery systems. Discovering and assessing solutions requires genuine cooperation by all service providers, amassing scientific and technical data, employing effective communication skills, and adding liberal doses of common sense.

Although putting politics aside is unlikely in Congress, our representatives must be persuaded to recognize that the final result is what really matters. The details of pros and cons, special interests, and cost to taxpayers have a place in the discussion, but ultimately the exercise needs to implement a system that helps everyone—without any discriminatory practices—to receive the life care they need.

You may recall we reported on the honor bestowed upon Tom Phillips at Gordon College several months ago. The college sent us a photo we thought you might be interested in seeing.



R. Judson Carlberg, President of Gordon College and his wife Jan Carlberg with Thomas Phillips

Barry's Response

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pass on this material with the caveat that *I am not an enrolled agent.*

Barry Hass

Editor's Note. Barry has contributed articles to ARR in the past. This year, he has researched a number of the drug plans. Thanks, Barry, for sharing this information.

Your Association would like to remind you that we exist due to the generosity of our members. If you forgot to renew your membership, now is a good time to do so. We will automatically extend your membership from its present expiration date.

#

We continue to look for suggestions on making the most of retirement. If you have found new interests or hobbies, fulfilling volunteer opportunities, or second careers, we'd like to hear about them.

RAYSIP Issue*Joe DeAmbrose*

There is a development affecting retirees who did not withdraw their RAYSIP accounts at retirement. There was a potential pitfall if the retiree died before taking a distribution from the Plan. Remember—a complete distribution from RAYSIP has to take place no later than April 15 of the year after reaching age 70 1/2. If death occurs after retirement but before a final distribution, the entire RAYSIP account balance will be distributed to the designated beneficiary. If the beneficiary is the retiree's spouse, the spouse could roll over (or transfer) the account to an IRA and the spouse would not have to start taking distributions until the April 15th after the spouse reached age 70 1/2. This is a pretty good deal for the spouse as taxes would be delayed until distributions from the IRA took place.

Until recently, non-spouse beneficiaries, like a child receiving a complete distribution from RAYSIP at a retiree's death, could not put the money in an IRA, causing immediate taxation of the distribution. This

rule was changed to allow non-spouse beneficiaries to roll over to an IRA and start taking distributions over their life expectancy, delaying the tax bite—but only as long as the distributing plan allowed a transfer to an IRA. It was not clear if RAYSIP allowed for such a transfer. Under the new rule, effective January 1, 2009, all Plans are required to provide a non-spouse beneficiary with an option to have the account transferred to an IRA so RAYSIP must also. The IRA rules for a spousal beneficiary are still more generous than for a non-spouse but the playing field has been leveled considerably.

RAYSIP UPDATE

Raytheon announced they have reviewed the “Raytheon Savings and Investment Plan” investment options. You should have received a notice by now. **Do not forget you must make any desired changes prior to 4:00 p.m. on December 31, 2009.**

Carpooling to the Andover Plants*Tom Sheehan*

Within 35 years of employment at Raytheon Andover Plants, there came to car poolers and myself many traveling incidents of one nature or another. Some of them have, in late days, come back with vivid clarity, bringing with them that broad range of incidents and those marvelous characters who shared the road with us. Obviously there are many such events that happened and have been forgotten by the thousands of Andover employees we mingled with every day over the long years, so I offer a few from my memory.

Oftentimes in recall it is humorous events that stick out, as well as those not so pleasant, and the usual and mundane way of shared road travel.

Some of these recollections have resurfaced in this exercise, and they of course come replete with the cast of supporting characters, those who made things happen or let things happen, or just sat by and shared.

Paul Muise of Sheetmetal and Eddie LeBlanc of Hawk Engi-

neering, were great story tellers, especially of their military service time, and often regaled us with such antics as happened to them or around them. As a radio operator aboard a destroyer, Paul sent a message from his captain to the captain of the Big Mo when it was stuck in the mud of Chesapeake Bay, that simply said, "May I throw you a line?" I was driving. I could have gone off the road, Route 114, westbound, 7:15 in the morning.

Paul had hundreds of stories and sometimes carried the whole ride to or from work, but his most memorable utterance to me was one pick-up morning, with five guys in the car and him scheduled to be the last one. He lived on Spring Street, Saugus, off Route 1 southbound about a hundred yards. We normally stopped on the northbound side and Paul would walk up Spring Street and cross the Turnpike to the car. The road then had cut-outs where U-turns could be managed, and one bright morning I decided to drive over and pick him up. I went through the cut-out, made the U-turn, turned right onto his street and pulled into his drive

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way just as he was coming down the stairs.

He looked surprised and I said, "I thought I'd come over and pick you up this morning. Paul, without a smile, opening the door and slipping into the front seat, said, "Thanks. Too damned bad it ain't raining."

He was driving one dreadfully icy morning, and he experienced great difficulty maneuvering his Chevy. In the short distance heading north up the Pike we had a number of close calls. A couple of them were perilously close. It was long before the down-under was constructed at Lynnfield, and we were in a constant mix with a number of huge trucks and buses and when we went spinning through that miserable intersection and ended up southbound in the northbound lane, Paul said, immediately downshifting, without a second thought, "I don't know where you guys are going today, but I'm going home." We barely made it home that morning, quite thankful.

At one stretch of our pool days, we had six passengers and five drivers. The non-driver, George

O'Donnell, Purchasing, would throw a few of dollars a week into Eddie LeBlanc's glove compartment. In a matter of months we had a pile of money that nobody bothered to count. On an appointed day one of us would make a count and we would decide what to do with the cash . . . buy beer for all, a case or a six-pack, or go to a club on a Friday heading home and quaff it off, the six of us. We were thus on our second or third round in the old Dugout, Route 1 southbound, Saugus, when Jackie Ulban, Drafting, pointed at a smiling George O'Donnell and said, "He's drinking our beer." George continued to smile for the duration of the rounds.

Once on a Saturday, a project demanding some OT, I was sitting in my office with many responsibilities on my mind beside the task at hand. I was running the Pop Warner program in Saugus; referees had to be assigned to the right park, donations needed to be commandeered for our weekend refresh-

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ment stand, thinking ahead to the late evening practice and a game on Sunday that required strategic planning, arranging for clean-up after the games, when a shadow fell across my desk.

Before I looked up something told me it was George O'Donnell who I was supposed to pick up in Wakefield on the way to work. It was now 9:30 AM and George, standing there casting the shadow, said, "Tom, I don't mind you sleeping at the wheel, or forgetting you were supposed to pick me up, but when I'm practically standing in the middle of the road and waving and you don't even see me, I guess I'm glad I didn't get a ride from you. I just dropped in to see if you made it here safely. My wife had to drive me. I'll be here at quitting time to follow you to the car."

That may have been the last time George and I shared a ride.

Over the years we car poolers hit deer, pheasant, crows, squirrels, one malodorous skunk, and other unseen road-kill, but never another car or truck or bus or, thankfully, any wayward pedestrian.

The pheasant that bounced of my Pontiac headlight one morning on Route 114, looking to be about 5 or 6 pounds, the biggest any of us had ever seen, ended up flapping its wings in the middle of the roadway. Someone in the car yelled, "Get that bird," but a truck driver, going the other way, leaped out of his truck and swung the bird by the neck up into his front seat and drove off. We bet that he was a frustrated pheasant hunter who hadn't gotten off a decent shot in the current season.

When the CB craze started, long before cell phones, one of our drivers had a CB installed in his car. En route to work we heard the dismal transmissions of daily responsibilities being recounted: "Yuh, I have to get milk and bread on the way home, or the dog needs more biscuits, or if I forget another birthday I'll never forget it." So on the morning that transmissions to a co-worker in his own Drafting section had faded out as we were inching our way up Hawk Drive into the Shawsheen parking area, our driver kept saying, "You have faded out. Give me a five-by count so I can ring you in. Give me a five-by count; 1-2-

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3-4-5. How do you read me now?” He said it enough times that Eddie LeBlanc, sitting in the right rear seat, said, “Roll down your window and tell him yourself. He’s parked right beside you.”

The litany of car poolers who shared the rides with me over the years, most of them from Saugus and a few from Lynn, resurface again and again after my departure from there 18 years ago: Eddie LeBlanc, Paul Muise, John Henigan, Don Savio, Nick Capecci, Raoul Wyler, George O’Donnell, Jack Ulban, Ron Doucette, John Howell, Frank Perry, George Barclay, Robbie Cornacchia, and any number of casual riders and short-term employees whose names fade away, like now.

Health Care Reform

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plans, have been targeted as a source for some of the funding for these new government obligations. The targeted savings are generally described as coming from the elimination of “fraud, waste, and abuse.” There is little argument with the elimination of fraud and there certainly seems to be enough of it in Medicare to warrant attention—with or without a health care overhaul.

However, one person’s waste or abuse may be another’s life saving operation. The approach to the elimination of fraud, waste and abuse in Medicare appears to involve the creation of study groups, committees and other organizations, i.e., more bureaucracy. This is a shadowy rule-making area that bears watching.

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How about letting us know about regional social events, and how you have adjusted to life after Raytheon

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